



CONGRESSIONAL BUDGET OFFICE  
U.S. Congress  
Washington, DC 20515

*Phillip L. Swagel, Director*

April 26, 2023

Honorable Frank Pallone Jr.  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

*Re: CBO's Estimate of the Budgetary Effects of Medicaid Work Requirements  
Under H.R. 2811, the Limit, Save, Grow Act of 2023*

Dear Congressman:

This letter responds to your request for information about the Congressional Budget Office's estimate of the budgetary effects of work requirements for the Medicaid program, as provided in H.R. 2811, the Limit, Save, Grow Act of 2023.<sup>1</sup> In the agency's estimation, under those requirements, federal costs would decrease, the number of people without health insurance would increase, the employment status of and hours worked by Medicaid recipients would be unchanged, and state costs would increase.

### **Background**

Title III of division C of the bill would require states to establish a community engagement requirement as a condition of eligibility for certain Medicaid recipients. Community engagement is defined as participating in work-related activities for at least 80 hours per month. Hours spent in employment, in a job-training program, or performing community service would count toward the minimum. Under the policy, states would lose federal Medicaid funding for able-bodied adults ages 19 to 55 without dependents if those recipients fail to meet the requirement for three or more months during a calendar year.

States could disenroll people who do not satisfy the requirement or they could maintain those enrollments entirely with state funds. States could begin to

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1. See Congressional Budget Office, letter to the Honorable Jodey Arrington regarding CBO's estimate of the budgetary effects of H.R. 2811, the Limit, Save, Grow Act of 2023 (April 25, 2023), [www.cbo.gov/publication/59102](http://www.cbo.gov/publication/59102).

receive federal Medicaid funding for enrollees at the start of the next calendar year, as long as those people continued to meet other eligibility requirements. CBO expects that about 15 million people could be subject to the Medicaid community engagement requirement each year, although many of those people would qualify for an exemption.

CBO estimates that title III would decrease federal spending by about \$109 billion over the 2023–2033 period. Once all states established requirements, about 1.5 million adults, on average, would lose federal funding for their Medicaid coverage. CBO expects that many states would cover the cost of maintaining insurance coverage for affected people. In total, an estimated 60 percent (or about 900,000 people) would remain in their state’s Medicaid program under state-only funding and 40 percent (or about 600,000 people) would become uninsured.

### **Effects on Employment and Hours Worked**

You asked about how Title III would affect employment and hours worked by Medicaid recipients. As part of CBO’s estimate of the budgetary and enrollment effects of the bill, the agency concludes that the amendment would have a negligible effect on employment status or hours worked by people who would be subject to the work requirements.

Evidence of the effect of work requirements on Medicaid recipients is limited to the experience in Arkansas, the only state where a work requirement was established for more than a few months (Arkansas established a requirement for some childless adults for part of 2018 and 2019). According to reports on the program, a large percentage of affected adults either met the requirement or qualified for an exemption. Most of the remaining group lost their Medicaid coverage because they did not meet the work requirement.

According to a 2019 study, neither employment nor the number of hours worked increased, although the evidence is scant.<sup>2</sup>

### **Effects on State Costs**

You also asked about how much cost would be shifted to states under Title III. As noted, CBO projects that states would cover the cost of maintaining

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2. See Benjamin D. Sommers and others, “Medicaid Work Requirements—Results From the First Year in Arkansas,” *New England Journal of Medicine*, vol. 381, no. 11 (September 2019), pp. 1073–1082, <http://dx.doi.org/10.1056/NEJMSr1901772>. For additional information on CBO’s analyses of work requirements, see Congressional Budget Office, *Work Requirements and Work Supports for Recipients of Means-Tested Benefits* (June 2022), [www.cbo.gov/publication/57702](http://www.cbo.gov/publication/57702).

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insurance coverage for about 900,000 people who would lose federal Medicaid funding. CBO estimates that the cost to the states would total about \$65 billion over the 2023–2033 period. Federal Medicaid spending for states that do not cover the costs of the 600,000 people that CBO projects would become uninsured would be about \$5 billion lower over the same period. The difference in the estimated effects on state spending is attributable to the size of the affected populations, the fact that states that maintain coverage for people who do not meet the work requirement would pay their share of the costs of that coverage plus the amount that the federal government would have paid under current law, and the fact that states that disenroll people would save the amount they would have spent under current law.

I hope this information is useful to you. If you wish further details on this analysis, we would be pleased to provide them.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping flourish extending to the right.

Phillip L. Swagel  
Director

cc: Honorable Cathy McMorris Rodgers  
Chair, House Committee on Energy and Commerce

Honorable Jodey Arrington  
Chair, House Committee on the Budget

Honorable Brendan F. Boyle  
Ranking Member, House Committee on the Budget